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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

FOREVER 21, INC., a Delaware
corporation,

Plaintiff,

v.

GUCCI AMERICA, INC., a New York
corporation, and GUCCIO GUCCI
S.p.A., an Italian entity,

Defendants.

Case No. 2:17-cv-4706 FMO (Ex)

**PLAINTIFF AND COUNTER-
DEFENDANT FOREVER 21, INC.'S
ANSWER TO COUNTERCLAIM**

JURY TRIAL DEMANDED

Complaint Filed: June 27, 2017
Counterclaim Filed: August 8, 2017
Trial Date: None Set
Judge: Hon. Fernando M. Olguin

1 GUCCI AMERICA, INC., a New York
2 corporation,

3 Counterclaimant,

4 v.

5 FOREVER 21, INC., a Delaware
6 corporation,

7 Counter-Defendant.

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1 **ANSWER TO COUNTERCLAIM AND AFFIRMATIVE DEFENSES**

2 In response to Defendant and Counterclaimant Gucci America, Inc.'s Partial
3 Answer, Affirmative Defenses, and Counterclaims, Plaintiff and Counter-Defendant
4 Forever 21, Inc. ("Forever 21") admits, denies, and avers as follows:

5 **PRELIMINARY STATEMENT**

6 1. Forever 21 denies the allegations in paragraph 1 of the Counterclaims.

7 2. Forever 21 is without knowledge or information sufficient to form a
8 belief as to the truth or falsity of the allegations set forth in paragraph 2 of the
9 Counterclaims, and on that basis, denies them.

10 3. Forever 21 denies the allegations in paragraph 3 of the Counterclaims.

11 4. Forever 21 admits selling the products depicted in paragraph 4 of the
12 Counterclaims, but denies infringement and the remaining allegations in that
13 paragraph.

14 5. Forever 21 denies the allegations in paragraph 5 of the Counterclaims.

15 6. Forever 21 admits filing the action, as alleged in paragraph 6 of the
16 Counterclaims, but denies the remaining allegations in that paragraph.

17 7. Forever 21 admits that Gucci filed Counterclaims but denies
18 infringement and the remaining allegations in paragraph 7 of the Counterclaims.

19 **THE PARTIES**

20 8. Forever 21 is without knowledge or information sufficient to form a
21 belief as to the truth or falsity of the allegations set forth in paragraph 8 of the
22 Counterclaims, and on that basis, denies them.

23 9. Forever 21 admits the allegations in paragraph 9.

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JURISDICTION AND VENUE

2 10. The allegations in paragraph 10 of the Counterclaims contain legal
3 conclusions to which no response is required; otherwise, Forever 21 admits that this
4 action is brought pursuant to the Lanham Act and the laws of the State of California.

5 11. The allegations in paragraph 11 of the Counterclaims contain legal
6 conclusions to which no response is required; otherwise, Forever 21 admits that
7 there is original jurisdiction over the Lanham Act claims and denies that the court
8 should exercise supplemental jurisdiction over the state law claims.

9 12. The allegations in paragraph 12 of the Counterclaims contain legal
10 conclusions to which no response is required; otherwise, Forever 21 admits that this
11 Court has personal jurisdiction over Forever 21.

12 13. The allegations in paragraph 13 of the Counterclaims contain legal
13 conclusions to which no response is required; otherwise, Forever 21 admits that
14 venue is proper in this district.

FACTUAL ALLEGATIONS

A. The GUCCI Brand and GUCCI America's Famous Green-Red-Green and Blue-Red-Blue Webbing Logos

18 14. Forever 21 is without knowledge or information sufficient to form a
19 belief as to the truth or falsity of the allegations set forth in paragraph 14 of the
20 Counterclaims, and on that basis, denies them.

21 15. Forever 21 is without knowledge or information sufficient to form a
22 belief as to the truth or falsity of the allegations set forth in paragraph 15 of the
23 Counterclaims, and on that basis, denies them.

24 16. Forever 21 is without knowledge or information sufficient to form a
25 belief as to the truth or falsity of the allegations set forth in paragraph 16 of the
26 Counterclaims, and on that basis, denies them.

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1 17. Forever 21 is without knowledge or information sufficient to form a
2 belief as to the truth or falsity of the allegations set forth in paragraph 17 of the
3 Counterclaims, and on that basis, denies them.

4 18. Forever 21 is without knowledge or information sufficient to form a
5 belief as to the truth or falsity of the allegations set forth in paragraph 18 of the
6 Counterclaims, and on that basis, denies them.

7 19. Forever 21 denies the allegations regarding inherent distinctiveness and
8 acquired distinctiveness set forth in paragraph 19 of the Counterclaims. Forever 21
9 is without knowledge or information sufficient to form a belief as to the truth or
10 falsity of the remaining allegations set forth in paragraph 19 of the Counterclaims,
11 and on that basis, denies them.

12 20. Forever 21 denies the allegations regarding instant recognition set forth
13 in paragraph 20 of the Counterclaims. Forever 21 is without knowledge or
14 information sufficient to form a belief as to the truth or falsity of the remaining
15 allegations set forth in paragraph 20 of the Counterclaims, and on that basis, denies
16 them.

17 21. Forever 21 is without knowledge or information sufficient to form a
18 belief as to the truth or falsity of the allegations set forth in paragraph 21 of the
19 Counterclaims, and on that basis, denies them. To the extent Gucci alleges that it
20 has trademark rights in stripes on clothing, Forever 21 denies such allegations.

21 22. Forever 21 is without knowledge or information sufficient to form a
22 belief as to the truth or falsity of the allegations set forth in paragraph 22 of the
23 Counterclaims, and on that basis, denies them.

24 23. Forever 21 is without knowledge or information sufficient to form a
25 belief as to the truth or falsity of the allegations set forth in paragraph 23 of the
26 Counterclaims, and on that basis, denies them.

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1 24. Forever 21 is without knowledge or information sufficient to form a
2 belief as to the truth or falsity of the allegations set forth in paragraph 24 of the
3 Counterclaims, and on that basis, denies them.

4 25. Forever 21 is without knowledge or information sufficient to form a
5 belief as to the truth or falsity of the allegations set forth in paragraph 25 of the
6 Counterclaims, and on that basis, denies them.

7 26. Forever 21 denies the allegations in paragraph 26 of the Counterclaims.

8 27. Forever 21 denies that the stripes claimed by Gucci as a trademark are
9 capable of functioning as a trademark, at least with regard to clothing, as alleged in
10 paragraph 27 of the Counterclaims.

11 28. Forever 21 is without knowledge or information sufficient to form a
12 belief as to the truth or falsity of the allegations set forth in paragraph 28 of the
13 Counterclaims, and on that basis, denies them. Forever 21 denies that the stripes
14 claimed by Gucci as a trademark are capable of functioning as a trademark, at least
15 with regard to clothing.

16 29. Forever 21 is without knowledge or information sufficient to form a
17 belief as to the truth or falsity of the allegations set forth in paragraph 29 of the
18 Counterclaims, and on that basis, denies them.

19 30. Forever 21 denies the allegations set forth in paragraph 30 of the
20 Counterclaims.

21 31. Forever 21 is without knowledge or information sufficient to form a
22 belief as to the truth or falsity of the allegations set forth in paragraph 31 of the
23 Counterclaims, and on that basis, denies them. Forever 21 denies that the stripes
24 claimed by Gucci as a trademark are capable of functioning as a trademark, at least
25 with regard to clothing.

26 32. Forever 21 is without knowledge or information sufficient to form a
27 belief as to the truth or falsity of the allegations set forth in paragraph 32 of the
28 Counterclaims, and on that basis, denies them.

1 33. Forever 21 is without knowledge or information sufficient to form a
2 belief as to the truth or falsity of the allegations set forth in paragraph 33 of the
3 Counterclaims, and on that basis, denies them.

4 34. Forever 21 is without knowledge or information sufficient to form a
5 belief as to the truth or falsity of the allegations set forth in paragraph 34 of the
6 Counterclaims, and on that basis, denies them. Forever 21 denies that the stripes
7 claimed by Gucci as a trademark are capable of functioning as a trademark, at least
8 with regard to clothing.

9 35. Forever 21 denies the allegations set forth in paragraph 35 of the
10 Counterclaims.

11 36. Forever 21 is without knowledge or information sufficient to form a
12 belief as to the truth or falsity of the allegations set forth in paragraph 36 of the
13 Counterclaims, and on that basis, denies them.

14 37. Forever 21 denies the allegations regarding fame in paragraph 37 of
15 the Counterclaims and is without knowledge or information sufficient to form a
16 belief as to the truth or falsity of the remaining allegations set forth in paragraph 37
17 of the Counterclaims, and on that basis, denies them.

18 38. Forever 21 is without knowledge or information sufficient to form a
19 belief as to the truth or falsity of the allegations set forth in paragraph 38 of the
20 Counterclaims, and on that basis, denies them.

21 39. Forever 21 is without knowledge or information sufficient to form a
22 belief as to the truth or falsity of the allegations set forth in paragraph 39 of the
23 Counterclaims, and on that basis, denies them.

24 40. Forever 21 is without knowledge or information sufficient to form a
25 belief as to the truth or falsity of the allegations set forth in paragraph 40 of the
26 Counterclaims, and on that basis, denies them.

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1 41. Forever 21 is without knowledge or information sufficient to form a
 2 belief as to the truth or falsity of the allegations set forth in paragraph 41 of the
 3 Counterclaims, and on that basis, denies them.

4 **B. Forever 21's Willful Misappropriation of Gucci America's Famous**
 5 **Webbing Marks**

6 42. Forever 21 admits it is a nationwide clothing retailer. Forever 21
 7 denies the remaining allegations of paragraph 42 of the Counterclaims.

8 43. Forever 21 admits that the statement quoted appears in the opinion
 9 cited. Forever 21 denies the remaining allegations in paragraph 43 of the
 10 Counterclaims.

11 44. Forever 21 denies the allegations set forth in paragraph 44 of the
 12 Counterclaims.

13 45. Forever 21 denies the allegations set forth in paragraph 45 of the
 14 Counterclaims.

15 46. Forever 21 denies the allegations set forth in paragraph 46 of the
 16 Counterclaims.

17 47. Forever 21 denies the allegations set forth in paragraph 47 of the
 18 Counterclaims.

19 48. Forever 21 is without knowledge or information sufficient to form a
 20 belief as to the truth or falsity of the allegations regarding its sales performance set
 21 forth in paragraph 48 of the Counterclaims, and on that basis, denies them. Forever
 22 21 denies the remaining allegations of willful infringement and confusion set forth
 23 in paragraph 48 of the Counterclaims.

24 49. Forever 21 denies the allegations set forth in paragraph 49 of the
 25 Counterclaims.

26 50. Forever 21 admits that Gucci America, Inc. and Guccio Gucci S.P.A.
 27 wrote to Forever 21 and denies the remaining allegations in paragraph 50 of the
 28 Counterclaims.

51. Forever 21 denies the allegations set forth in paragraph 51 of the
2 Counterclaims.

3 52. Forever 21 denies infringement.

FIRST CAUSE OF ACTION

Infringement of Registered Trademarks Under Section 32 of the Lanham Act, 15 U.S.C. § 1114

53. The foregoing responses are incorporated as if re-alleged herein.

8 54. Forever 21 is without knowledge or information sufficient to form a
9 belief as to the truth or falsity of the allegations regarding its sales performance set
10 forth in paragraph 54 of the Counterclaims, and on that basis, denies them.

11 55. Forever 21 denies the allegations set forth in paragraph 55 of the
12 Counterclaims.

13 56. Forever 21 denies the allegations set forth in paragraph 56 of the
14 Counterclaims.

15 57. Forever 21 denies the allegations set forth in paragraph 57 of the
16 Counterclaims.

17 58. Forever 21 denies the allegations set forth in paragraph 58 of the
18 Counterclaims.

19 59. Forever 21 denies the allegations set forth in paragraph 59 of the
20 Counterclaims.

SECOND CAUSE OF ACTION

Trademark Infringement and False Designation of Origin Under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a)

24 ||| 60. The foregoing responses are incorporated as if re-alleged herein.

25 61. Forever 21 denies the allegations set forth in paragraph 61 of the
26 Counterclaims.

27 62. Forever 21 denies the allegations set forth in paragraph 62 of the
28 Counterclaims.

63. Forever 21 denies the allegations set forth in paragraph 63 of the Counterclaims.

64. Forever 21 denies the allegations set forth in paragraph 64 of the Counterclaims.

THIRD CAUSE OF ACTION

Trademark Dilution, 15 U.S.C. § 1125(c)

65. The foregoing responses are incorporated as if re-alleged herein.

66. Forever 21 denies the allegations set forth in paragraph 66 of the Counterclaims.

10 67. Forever 21 denies the allegations set forth in paragraph 67 of the
11 Counterclaims.

12 68. Forever 21 denies the allegations set forth in paragraph 68 of the
13 Counterclaims.

14 69. Forever 21 denies the allegations set forth in paragraph 69 of the
15 Counterclaims.

16 70. Forever 21 denies the allegations set forth in paragraph 70 of the
17 Counterclaims.

18 71. Forever 21 denies the allegations set forth in paragraph 71 of the
19 Counterclaims.

FOURTH CAUSE OF ACTION

Common Law Trademark Infringement

72. The foregoing responses are incorporated as if re-alleged herein.

23 73. Forever 21 denies any need to obtain authorization of Gucci America as
24 set forth in paragraph 73 of the Counterclaims.

25 74. Forever 21 denies the allegations set forth in paragraph 74 of the
26 Counterclaims.

27 75. Forever 21 denies the allegations set forth in paragraph 75 of the
28 Counterclaims.

76. Forever 21 denies the allegations set forth in paragraph 76 of the Counterclaims.

77. Forever 21 denies the allegations set forth in paragraph 77 of the Counterclaims.

FIFTH CAUSE OF ACTION

Trademark Dilution, California Business & Professions Code § 14247

78. The foregoing responses are incorporated as if re-alleged herein.

79. Forever 21 denies the allegations set forth in paragraph 80 of the Counterclaims.

10 80. Forever 21 denies the allegations set forth in paragraph 81 of the
11 Counterclaims.

SIXTH CAUSE OF ACTION

Unfair Competition Under California Common Law and California Business & Professions Code § 17200, *et seq.*

81. The foregoing responses are incorporated as if re-alleged herein.

82. Forever 21 denies the allegations set forth in paragraph 83 of the Counterclaims.

18 83. Forever 21 denies the allegations set forth in paragraph 84 of the
19 Counterclaims.

20 84. Forever 21 denies the allegations set forth in paragraph 85 of the
21 Counterclaims.

22 85. Forever 21 denies the allegations set forth in paragraph 86 of the
23 Counterclaims.

24 86. Forever 21 denies the allegations set forth in paragraph 87 of the
25 Counterclaims

26 87. Forever 21 denies the allegations set forth in paragraph 88 of the
27 Counterclaims.

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1 88. Forever 21 denies the allegations set forth in paragraph 89 of the
2 Counterclaims.

PRAAYER FOR RELIEF

4 WHEREFORE, Forever 21 prays for judgment and relief against Gucci
5 America as follows:

6 1. That the Counterclaim be dismissed;
7 2. That Counterclaimant take nothing;
8 3. That attorneys' fees be awarded to Forever 21.

AFFIRMATIVE AND OTHER DEFENSES

FIRST DEFENSE

(Failure to State a Claim)

12 The Counterclaims fail to state a claim upon which relief can be granted.

SECOND AFFIRMATIVE DEFENSE

(Waiver, Acquiescence, Estoppel)

15 Each of the purported claims set forth in the Counterclaims are barred by the
16 doctrines of waiver, acquiescence and/or estoppel.

THIRD AFFIRMATIVE DEFENSE

(Laches)

19 Each of the purported claims set forth in the Counterclaims is barred by the
20 doctrine of laches.

FOURTH AFFIRMATIVE DEFENSE

(Unclean Hands)

23 Each of the purported claims set forth in the Counterclaims is barred by the
24 doctrine of unclean hands.

ADDITIONAL DEFENSES

26 || Forever 21 reserves the right to assert additional defenses.

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PRAAYER FOR RELIEF

WHEREFORE, Forever 21 prays for judgment as follows:

1. That Counterclaimant take nothing by way of its Counterclaims;
2. That the Counterclaims, and each claim for relief therein, be dismissed with prejudice;
3. That Forever 21 be awarded attorneys' fees, expenses and costs of suit incurred herein;
4. For such other and further relief as the Court deems just and proper.

Dated: September 14, 2017

**SHEPPARD, MULLIN, RICHTER & HAMPTON
LLP**

By _____ */s/ Laura L. Chapman*
SEONG KIM
LAURA L. CHAPMAN
TONI QIU
Attorneys for Plaintiff and Counter-Defendant
FOREVER 21, INC.

JURY DEMAND

Forever 21, Inc. demands a trial by jury on all issues so triable.

Dated: September 14, 2017

**SHEPPARD, MULLIN, RICHTER & HAMPTON
LLP**

By _____ */s/ Laura L. Chapman*
SEONG KIM
LAURA L. CHAPMAN
TONI QIU
Attorneys for Plaintiff and Counter-Defendant
FOREVER 21, INC.

CERTIFICATE OF SERVICE

2 I hereby certify that I electronically filed the document(s) with the Clerk of
3 the Court by using the CM/ECF system. Participants in the case who are registered
4 CM/ECF users will be served by the CM/ECF system. Participants in the case who
5 are not registered CM/ECF users will be served by mail or by other means permitted
6 by the court rules.

7 I declare under penalty of perjury under the laws of the United States of
8 America that the foregoing is true and correct.

10 | Dated: September 14, 2017

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

By _____ */s/ Laura L. Chapman*
LAURA L. CHAPMAN

Attorneys for Plaintiff and Counter-Defendant
FOREVER 21